
2009 National Human Capital Summit
March 9 – 11, 2009
Scottsdale, Arizona

Selected Abstracts

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INTRODUCTION

As part of Department of Energy (DOE) Office of Health, Safety and Security (HSS) efforts to research a more sustainable DOE, HSS representatives attended the Human Capital Institute's 4th Annual National Human Capital Summit in Scottsdale, Arizona, March 9-11, 2009.

<http://www.thetalenteconomy.com/2009summit/> Over 400 human capital professionals and executives from various branches of government, academia, and industry attended the event. Attendees included visitors from several foreign nations including: Canada, Denmark, Ghana, Jamaica, Malaysia, Netherlands, New Zealand, Nigeria, Singapore, and the United Kingdom; attesting to the growing global interest in human capital issues.

Session speakers included renowned authors, professors, and industry professionals who discussed current and emerging concepts, ideas, and techniques utilized by human capital professionals and business strategists today. We prepared abstracts of nine presentations that we thought offered insights for our goal of fostering and piloting a more sustainable DOE and national laboratory system. The key themes discussed in these nine presentations are shown in Table 1. The nine abstracts are found in the following section. To supplement the abstracts, a selection of slides used during these and other summit presentations is enclosed.

Table 1. Presentation Themes

Presentation Title	Theme
A Blueprint for 21 st Century Leadership	Innovations <i>in management</i> - - not in operations, products or strategies - - create sustainable, long-term advantages. Creative, passionate staffs distinguish a successful enterprise from the competition.
Think Again	Both good and bad decisions are often based largely on self interest and experience. Diverse experiences and inputs are key ingredients for successful decision making.
From Good Enough to Great	Human ego has both positive and negative impacts on team performance. A person who can keep his or her ego in a healthy balance can serve as a productive worker, influential team player, and effective leader.
Rising to the Challenge: Talent Management Leadership	In difficult economies, management must act deliberately, rationally, and not in panic mode. Reactive, ill-considered cost-saving actions, such as massive layoffs, may ultimately be more expensive than more selective strategies.
Practically Radical: Shake Up Your Industry and Transform Your Company	A clearly defined value structure is essential for creative operations.
Delivering Happiness	Success depends on creative workers functioning within the bounds of a clearly-articulated company culture.
Next Practices and Case Studies from the Learning Innovation Network	Organizational change, new technologies, and workforce demographics have radically altered the "how, when and where" workers are exposed to and assimilate the skills they need to perform their jobs effectively.
Talent Market Index	Findings from the 2008 update of the Human Capital Institute's National Talent Market Survey of over 600 employers and 2,400 employees across the U.S.
The Big Change: How HR Can Become the Next Strategic Powerhouse	The evolving strategic role of human resource professionals in today's fast-paced competitive market.

PRESENTATION ABSTRACTS

A Blueprint for 21st Century Leadership

Gary P. Hamel

Visiting Professor of Strategic and International Leadership, London Business School

Author: *Leading the Revolution* and *The Future of Management*

- Modern management was invented during the industrial age and the organizational management model has not significantly evolved since. Business management and national governance models are now outdated and therefore will limit performance over the next few years. **The industrial age form of governance is in direct conflict with sustainability efforts.** Management innovation must begin by challenging management dogma in order to build organizations that better reflect and embody the human interests, concerns, and aspirations of the people who work in them.
- Product breakthroughs (PCs, mobile phones, e-mail etc) have dramatically changed the way we live and work. There have not been correspondingly significant breakthroughs that dramatically change the way companies and nations are managed and operated.
- The world is becoming more turbulent faster than organizations can become resilient. Management provides the capacity to marshal resources, set vision, layout plans, do work, and lead. When this process is diminished, the ability of an organization and its customers or citizens to compete is correspondingly diminished.
- Major advances in management practices often lead to significant shifts in competitive position and create long-lasting advantages for pioneering firms. Toyota and General Electric are prime examples of pioneering companies that reaped the rewards of innovation and employee empowerment.
- The W.L. Gore Associates, Inc. (developer of GORE-TEX®) story is a standout in terms of enlightened and sustainable management. For its first few years, the firm operated out of the basement of their home. The firm has not posted a loss in over 50 years. Its simple message to employees is: “Have Fun – Make Money”. Its unique management model uses a lattice structure rather than a hierarchical one. There are no job titles, but plenty of leaders who change from time to time. All commitments are voluntary. Everyone is encouraged to use 10 percent of his or her time to “dabble” in something new; there is no “core business”. At the end of the year, each employee is judged by 20 peers as to the value he or she has contributed. The result is plotted for all employees and the comparative data used to determine compensation for the following year. This illustrates the future of successful management.
- In today’s globally competitive world, people who are obedient, diligent and intelligent (textbook fit for the industrial age management model) are readily available around the world. For an organization to capture economic high ground in the creative economy, they will need employees who possess a strong innovative streak as well.

Think Again

Sydney Finkelstein

Prof. of Management, Tuck School of Business Administration, Dartmouth College

Author: *Why Smart Executives Fail* and *Why Good Leaders Make Bad Decisions*

- Poor decision making when leadership was sorely needed has caused or exacerbated many recent national and international disasters, including the response to Hurricane Katrina, the prosecution of the Second Gulf War, and the 2008-2009 financial crisis.
- Despite an intuitive awareness that we learn from mistakes, evidence suggests that many people are not very good learners. A more systematic look at decision making is needed, with a focus on warning signs that may signal a pending poor decision.
- Multiple opinions enhance effective decision making. Obtain the best people and give them a chance to make an impact, rather than having the opinion only form at the top.
- Decisions driven by *self interest or experience* can be either good or bad.
 - In the case of US Airlines Flight 1549, Captain Sullenbergers's self interest and experience paid off. His experience as an instructor and pilot lead him to the correct, if somewhat counterintuitive, decision to land his crippled jet on the Hudson River; and his self interest in staying alive was obviously a contributing factor.
 - The self interest of traders and executives at Lehman Brothers, Merrill Lynch, Bear Stearns, AIG, and other Wall Street firms in collecting ever higher bonuses drove bad decisions that contributed to the undoing of global financial markets.
 - General Motor's successful past experience selling large, gas-guzzling vehicles was so deeply rooted that it failed to understand the new, emerging automobile market. The corporation's experience-based resistance to breaking from what it considered "the norm" contributed to the downfall of an icon of American manufacturing.
 - Michael Brown's self interest and (in)experience negatively influenced his decision making as head of the Federal Emergency Management Agency during Hurricane Katrina. His fear (self interest) of passing incorrect or incomplete information to superiors, coupled with a resume (experience) patently unsuited for this situation, resulted in decision making paralysis that contributed to the loss of over 1,800 lives and \$80 billion. Brown's military experience had taught him that early information is most often wrong, causing him to ignore critical early warning signs of the pending disaster.

From Good Enough to Great

Steven Smith

Founding Partner: MarcumSmith LC.

Coauthor: *What Makes Ego Our Greatest Asset or Most Expensive Liability*

- Although people often think of “ego” in negative terms, it does have positive aspects. A healthy, balanced ego imparts the personality with open-mindedness, self respect, confidence, the ability to see others as equals and with unconditional positive regard, levelheadedness, and the drive to make decisions. Table 2. illustrates that ego characteristics add both value and risk to team performance. Ego can also influence, if not dictate, the levels of team performance illustrated in Table 3.

Table 2. Ego Characteristics: Value and Risk to Team Performance

Characteristic	Impact	
	Value	Risk
Confidence	Decisiveness, Courage	Closed-Mindedness Domineering environment Implied or explicit Intimidation
Intelligence	Sees beyond the obvious, Takes creative leaps	Dismisses or demeans colleagues who disagree
Action-Orientation	Sets and achieves high goals	Impatience Resistance to changes that might improve results
Clear candid communication	Clear direction, confronts brutal realities, eliminates guessing	Fear Gossip CYA culture

Table 3. Progressively Productive Levels of Team Performance

Level	Characteristic
Isolated	Non-participating members
Indifferent	Cliques move in a different direction from most team members
Independent	Stars who must be the center of attention and direct others
Intrdependent	Healthy relationships among team members
Interdependent	Healthy relationships within and among teams

- Interdependent team members: *listen with open minds, speak with candor and tact, think intelligently and thoroughly, decide with discipline and debate, do not take criticism personally, and do not waste time with trivial, personal agendas.* However, interdependent team traits can be difficult to maintain during emotionally charged situations or intense sessions about strategy, direction, budgets, priorities, or personnel. In especially stressful circumstances the brain typically directs one to either fight, flight, or freeze (argue, withdraw, or do nothing). It is difficult to keep our minds open and remain silent when necessary to keep the discussion from getting personal or escalating. Often it is only when the intensity diminishes that we regain our balance and healthy ego to the point of realizing what we could have said better.
- Remember Fred Rodgers of *Mr. Rodgers' Neighborhood*? <http://pbskids.org/rogers/>. In 1969 at the request the Corporation for Public Broadcasting (CPB), he urged the Senate Communications Subcommittee to reverse a proposed 50 percent cut in a CPB grant. His demeanor before the committee was a textbook example of a calm, well-balanced ego. It convinced Senator Pastore to reinstate the full \$20 million grant; proving that a well-balanced ego can be a powerful tool for influencing decision making. <http://video.google.com/videosearch?hl=en&q=congressional+committee+%22Mr.+Rodgers%22#>

Rising to the Challenges: Talent Management Leadership

Richard S. Wellins

Senior Vice President, Development Dimensions International

- In difficult times, management often implements a sweeping layoff before analyzing the long-term effects.
- If a company implements a layoff to save money until its financial situation improves, the layoff typically will not result in savings unless the workers who were let go will not be replaced for eighteen months or longer. As an alternative to layoffs, companies should consider conserving money by implementing more narrowly focused, temporary, and reversible tactics such as:
 - Salary freezes,
 - Forced sabbaticals,
 - Shorter workweeks (first voluntary, then mandatory).
- In difficult times it can be beneficial to redeploy top performers, refocusing their talent on programs promising short-term economic returns.
- If layoffs are inevitable, be very selective on who is to be let go rather than utilizing a quick, broad-brush approach. When it is time to replace people, place strong emphasis on subsequently hiring fewer, but better, staff.
- Staff who survive a layoff frequently do not experience or express gratitude to the company. In a post-layoff survey of over 4,000 surviving workers, 60 to 80 percent said that since the layoff:
 - Productivity of colleagues had declined,
 - Service to customers had deteriorated,
 - Errors and mistakes had increased,
 - The company's future prospects had worsened.
- Consistent, quality *employee training* may help companies avoid the disruptions of layoffs during economic downturns. An analysis examined the levels of investment that a select sample of banks made in employee training from 2004 through 2008 and correlated them to their stock prices and the S&P 500. The analysis concluded that those banks that made consistent investment in quality training programs outperformed the S&P 500. The detailed results of these findings are contained in a 2009 white paper titled: *Training Investments as a Predictor of Banks' Subsequent Stock Market Performance*.
<http://www.mcbassi.com/resources/documents/McBassi-BankingWhitePaper-Feb09.pdf>

Practically Radical: Shake Up Your Industry and Transform Your Company

William C. Taylor

Writer, speaker, entrepreneur, adjunct professor at Babson College

Author: *Mavericks at Work*, *The Big Boys: Power and Position in American Business*, *No-Excuses Management*, and *Going Global*.

- A new approach to leadership recognizes that the most powerfully creative and innovative ideas may be buried within your employees, customers, or innovators in other fields.
- Employees up and down the line must understand that if their company is to stand out it must first *stand for* something. “If you are going to do things the way everybody else does, why do you think you are going to do it better?” To be sustainable in today’s fast-paced market, companies must fully embrace *one-of-a-kind ideas* and be the best at something. Today, middle-of-the-road performance is “breakdown lane” performance.
- Anyone running a business must figure out (or embody) the higher calling or purpose of that business. Purpose is about the difference you’re trying to make in the marketplace. If everyone is selling the same thing then *purpose* is the tie-breaker.
- Everyone in a company must understand the company’s:
 - Ideals,
 - Values,
 - Purpose.
- ING Direct USA bank is an excellent example of what it means to unambiguously stand for a specific *Ideal, Purpose, and Value*, namely, *Saving*. The bank is distinguishing itself (and shaking up the industry) by delivering a few simple-to-understand products. Its first order of business is about bread and butter substance, not bells and whistles stunts. It is creating financial products that make it easy and financially rewarding for customers to save. But equally important to ING Direct are the products it does not offer. The bank scrupulously avoids entering markets that are “off target”. ING Direct doesn’t offer credit cards, auto loans, sub-prime mortgages, or even traditional checking accounts. They strictly stick to their purpose of making it easy to save. Products that encourage spending and risk are inconsistent with the value and priority the bank places on saving.
- The only “sustainable leadership” is “thought leadership”; a gift that enables a leader to integrate and direct passion, emotion and value to make an organization more memorable and distinct than others, that is to say, more sustainable.
- Leaders should try to establish a culture within their workforce that creates an *emotional and psychological relationship* with customers. People are growing weary of “please listen carefully because our menu has changed”. Today, more and more people want to talk with another human being to get desired information. An entire website is now devoted to giving consumers closely guarded telephone codes they can use to bypass automated phone menus and speak directly with another person. This website, gethuman.com, has bypass codes for over 900 businesses.

Delivering Happiness

Tony Hsieh:
CEO, Zappos.com

- Tony Hsieh joined Zappos, an online shoe and clothing store, in 2000. Under his leadership, Zappos has grown sales from \$1.6 million to \$840 million by focusing relentlessly on *customer service*. He has developed an extensive *employee culture book* that he believes is responsible for Zappos' success. Based largely on employee input, Zappos identified ten core values from which evolved its culture, brand, and business strategies. Zappos' ten core values are:
 - Deliver "WOW" Through Service,
 - Embrace and Drive Change,
 - Create Fun and A Little Weirdness,
 - Be Adventurous, Creative, and Open-Minded,
 - Pursue Growth and Learning,
 - Build Open and Honest Relationships through Communication,
 - Build a Positive Team and Family Spirit,
 - Do More With Less,
 - Be Passionate and Determined,
 - Be Humble
- See more at : <http://about.zappos.com/our-unique-culture/zappos-core-values>
- All new employees go through a five-week training course devoted to culture, core values, customer service, and warehouse operations.
- One of Zappos' standard interview questions is, "How lucky do you think you are?" This question is based on research that showed people who rate themselves as lucky tend to be more creative and look beyond the norm. Zappos uses this question metric as one part of its equation for identifying people who have a tendency towards creativity and innovation. While this line of interview questioning may be out of the ordinary, attracting creativity remains as important to Zappos is consistent with Gary Hamel's recommended shifts in management, presented in "A Blueprint for 21st Century Leadership"
- Zappos policy provides that the company will pay a new hire \$2,000 to quit if "things aren't working out." This cuts down on the amount of time disgruntled employees can negatively impact company performance.
- Tony Hsieh recommends specific actions managers can take to improve a company's people and its performance:
 - Define and align your core values,
 - Commit to transparency,
 - Be open and honest,
 - Develop a clear, large and meaningful vision that transcends profit,
 - Work to inspire rather than motivate employees,
 - Build relationships rather than networks within the workforce,
 - Be interested rather than interesting,
 - Build a strong team by hiring slowly and firing quickly,
 - Think long-term, that is, *Think Sustainability*.

Next Practices and Case Studies from the Learning Innovation Network

Jeanne Meister

Founder: New Learning Playbook, Co-Founder: Learning Innovation Network

Author: *Corporate Quality Universities*, and *Corporate Universities: Lessons in Building a World-Class Work Force*.

Panelists:

Tracy Dodd, V.P for Learning, Computer Associates

Lisa Buckingham, Chief Human Resource Officer, Lincoln Financial Group

Rod Dooly, VP for Talent Management and Diversity, Rockwell Collins

- New technologies are rapidly reshaping business education.
- Under the old 70/20/10 model of career development learning:
 - 70 percent of what you have learned originated during formal education,
 - 20 percent originated from on-the-job experience, and
 - 10 percent originated from other sources.

But there is convincing evidence that in today's fast-paced, changing world, the new model of learning is nearly the reverse of the old, that is:

- 70 percent of what you learn now originates from on-the-job experience,
 - 20 percent now originates from mentoring, and
 - 10 percent now originates from formal education.
- With the significant shift from formal education to on-the-job experience, it is increasingly important to gather, develop and manage collective knowledge from an organization's workforce, a concept called *Knowledge Management*. New collaboration software is being utilized to help with the development of new and innovative business ideas and knowledge management. The younger workforce is already accustomed to this type of technology. They are already exposed to and using information sharing via Facebook, Wiki, Twitter, and Linked. Currently, workers under 24 comprise about a quarter of U.S. workforce. Five years hence they will comprise almost half the workforce. Therefore, in the near future, collaboration software such as Web 2.0 will be consistent with what a significant portion of the workforce considers normal and customary.
- The panel cited three areas that will benefit from collaboration software:
 - Knowledge Management: Intranets could be redesigned towards a Web 2.0 ,
 - Business Networking to capture profiles and foster productivity, and
 - External Communities to help drive core values and share experiences.
- The National Academy of Public Administration (NAPA) is leading a similar effort. Its "Collaboration Project" is driven by an independent forum of leaders committed to leveraging the interactive web and the benefits of collaborative technology for solving government's complex problems. NAPA's "on-line" space devoted to the project is designed to share ideas, examples and insights on the adoption of Web 2.0 technologies in the field of public governance. More information on the NAPA Collaboration Project can be found at: <http://collaborationproject.org/display/home/Home>

Talent Market Index

Allan Schweyer

Executive Director and Senior VP for Research, Human Capital Institute

Author: *Talent Management Systems*

- Presentation highlighted results of the Human Capital Institute's most recent update of its National Talent Market Survey of over 600 employers and 2,400 employees across the U.S. The purpose of the update was to determine the preferences of employees that influence their job selection, how employers are responding to the economic crisis, and what factors enable or hinder their ability to attract and keep employees in their cities and regions.
- Employer Survey Highlights:
 - In 2009, employers plan to hire an average of 47 employees, down from 236 last year,
 - 27 percent of employers expect over a fifth of their new hires will be from other regions,
 - Employers cite the low supply of specialized skills and the quality of the talent pool as the most significant barriers to recruiting and retaining talent within their areas,
 - The most significant barriers to innovation are the inavailability of quality people, and competing internal priorities,
 - Employers have the least confidence in their ability to find people with advanced degrees,
 - Employers are more concerned with the retention of key employees than before the recession,
 - Although most employers believe their local colleges and universities are producing enough graduates with the right degrees and skills for entry level needs, they also desire better networking and stronger connections with local colleges and universities.
- Employee Survey Highlights:
 - Characteristics of America's most mobile workers:
 - Mid twenties to mid thirties,
 - Degree or advanced degree,
 - Salary > \$100K,
 - Work in science, technology, media, entertainment, or service sectors.
 - Location trumps job opportunities when employees select a workplace,
 - Environment, affordability and entertainment are the top three draws for attracting workers; job opportunities ranks fourth,
 - Although the average American worker is very likely to stay put, young (18 – 34) managers and workers with advanced degrees are more likely to move, as are 18 to 49 year old entrepreneurs and executives earning more than \$100K,
 - The most sought after talent is also the most mobile,
 - Young, successful entrepreneurs and executives ranked access to excellent schools as very high in importance,
 - Older executives gave an agreeable climate, good healthcare, and dining and entertainment options a very high importance.

The Big Change: How HR Can Become the Next Strategic Powerhouse

Daisy Wademan: Executive Director, Leadership, Morgan Stanley

Mathew Breitfelder: VP for Leadership, MasterCard

Moderator: Paul Hemp: Senior Editor, *Harvard Business Review*

Wademan and Breitfelder coauthored a July 2008 article for the *Harvard Business Review* titled “*Why Did We Ever Go into HR*”.

- Human resource (HR) positions are an opportunity to combine business strategy with innovation and learning, but there is a pressing need within the HR industry to build a better-structured process to allow this to happen.
- Stereotypical HR services of old are only minimally useful in today’s market.
- Workforce talent is an “underappreciated investment opportunity” and the HR function is an “undervalued and underpriced asset”.
- An effective HR department is no longer just an *administrative function*; it is an indispensable *strategic function* that must link and integrate an organization’s creativity, innovation, and business strategy. Therefore, a modern HR department should:
 - Hatch and harvest ideas,
 - Serve as a central “suggestion box”,
 - Perform “dot connecting” to implement ideas,
 - Develop action learning that uses different people to do different jobs,
 - Focus on profit (revenue generation) as well as loss,
 - Look like a business school,
 - Accentuate the positive,
 - Make big companies act and feel like small ones,
 - Utilize information sharing/collaboration software tools, etc, to match good ideas with the people who can best implement them,
 - Be the organization’s “Chief Ethics Officer”.

ENCLOSURE